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KINGMAKER

KINGMAKER FOOTWEAR HOLDINGS LIMITED

信星鞋業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01170)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

	2023	2022	**Change**
	HK$'000	*HK$'000*	
Revenue	**1,061,974**	842,687	+26.0%
Gross profit	**89,623**	25,199	+255.7%
Gross profit margin	**8.4%**	3.0%	+5.4 points
Profit/(loss) for the year attributable to equity holders of the Company	**53,410**	(18,035)	N/A
	HK cents	*HK cents*	
Basic earnings/(loss) per share	**7.92**	(2.69)	N/A
	HK cents	*HK cents*	
Proposed final and special final dividends			
Interim dividend per share	**1.8**	–	
Special interim dividend per share	**0.5**	2.0	
Final dividend per share	**2.0**	–	
Special final dividend per share	**0.2**	2.0	
Total dividends per share for the year	**4.5**	4.0	+12.5%

- Net cash and cash equivalents of approximately HK$393 million

* *For identification purposes only*

The board (the "Board") of directors (the "Directors") of Kingmaker Footwear Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023 (the "Year"), together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
REVENUE	*3*	**1,061,974**	842,687
Cost of sales		**(972,351)**	(817,488)
Gross profit		**89,623**	25,199
Other income and gains, net		**38,531**	28,793
Changes in fair value of investment properties		**(13,028)**	(20,096)
Distribution and selling expenses		**(22,364)**	(19,650)
Administrative expenses		**(74,852)**	(80,526)
Finance costs	*4*	**(137)**	(30)
Share of profit of associates		**32,547**	32,788
PROFIT/(LOSS) BEFORE TAX	*5*	**50,320**	(33,522)
Income tax credit	*6*	**3,616**	13,703
PROFIT/(LOSS) FOR THE YEAR		**53,936**	(19,819)
Attributable to:			
Equity holders of the Company		**53,410**	(18,035)
Non-controlling interests		**526**	(1,784)
		53,936	(19,819)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK7.92 cents**	HK(2.69) cents
Diluted		**HK7.91 cents**	HK(2.69) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**53,936**	(19,819)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(33,106)**	14,200
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR	**(33,106)**	14,200
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**20,830**	(5,619)
Attributable to:		
Equity holders of the Company	**20,304**	(3,835)
Non-controlling interests	**526**	(1,784)
	20,830	(5,619)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**153,676**	172,992
Right-of-use assets		**67,870**	71,359
Investment properties		**497,360**	546,724
Investments in associates		**96,520**	63,973
Investments in club memberships		**1,800**	1,845
Total non-current assets		**817,226**	856,893
CURRENT ASSETS			
Inventories		**171,572**	209,008
Accounts receivable	*9*	**136,261**	213,523
Prepayments, deposits and other receivables		**15,604**	8,542
Due from an associate		**54,409**	64,705
Tax recoverable		**239**	233
Cash and cash equivalents		**392,648**	304,428
Total current assets		**770,733**	800,439
CURRENT LIABILITIES			
Accounts payable	*10*	**123,229**	159,743
Accrued liabilities, other payables and contract liabilities		**90,033**	87,982
Bank borrowing		**–**	14,773
Lease liabilities		**1,011**	1,502
Tax payable		**57,610**	60,743
Total current liabilities		**271,883**	324,743
NET CURRENT ASSETS		**498,850**	475,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	2023	2022
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,316,076**	1,332,589
NON-CURRENT LIABILITIES		
Lease liabilities	**1,593**	2,569
Deposits received	**6,466**	6,937
Deferred tax liabilities	**93,361**	103,342
Total non-current liabilities	**101,420**	112,848
Net assets	**1,214,656**	1,219,741
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**68,078**	68,111
Reserves	**1,137,139**	1,142,717
	1,205,217	1,210,828
Non-controlling interests	**9,439**	8,913
Total equity	**1,214,656**	1,219,741

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to *HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their business activities and has two reportable operating segments as follows:

(a) manufacturing and sale of footwear products; and

(b) property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, non-lease-related finance costs and other unallocated income and gains/(losses), net and unallocated expenses are excluded from the measurement.

Segment assets exclude cash and cash equivalents and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

The segment information for the year ended 31 March 2023 is disclosed as follows and the comparative amounts in respect of this information are re-presented to conform with current year's presentation.

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**1,061,974**	842,687	**–**	–	**1,061,974**	842,687
Rental income	**–**	–	**28,207**	24,822	**28,207**	24,822
Segment results	**40,712**	(25,507)	**11,809**	1,181	**52,521**	(24,326)
Unallocated income and gains/(loss), net					**230**	(150)
Interest income					**9,064**	1,963
Unallocated expenses					**(11,493)**	(11,009)
Finance costs (other than interest on lease liabilities)					**(2)**	–
Profit/(loss) before tax					**50,320**	(33,522)
Income tax credit					**3,616**	13,703
Profit/(loss) for the year					**53,936**	(19,819)
Assets and liabilities						
Segment assets	**688,006**	802,955	**500,414**	546,724	**1,188,420**	1,349,679
Unallocated assets					**399,539**	307,653
Total assets					**1,587,959**	1,657,332
Segment liabilities	**187,483**	258,447	**99,700**	110,046	**287,183**	368,493
Unallocated liabilities					**86,120**	69,098
Total liabilities					**373,303**	437,591

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information						
Depreciation:						
Segment	**27,569**	29,568	**–**	–	**27,569**	29,568
Unallocated					**–**	–
					27,569	29,568
Depreciation of right-of-use assets	**3,081**	3,611	**–**	–	**3,081**	3,611
Capital expenditure*	**12,116**	14,852	**–**	–	**12,116**	14,852
Share of profit of associates	**(32,547)**	(32,788)	**–**	–	**(32,547)**	(32,788)
Impairment allowance/(reversal of impairment) of accounts receivable	**913**	(1,234)	**–**	–	**913**	(1,234)
Fair value loss on revaluation of investment properties	**–**	–	**13,028**	20,096	**13,028**	20,096
Provision/(write-back of provision) for inventories	**(2,020)**	8,570	**–**	–	**(2,020)**	8,570
Loss on disposal of items of property, plant and equipment, net	**210**	10	**–**	–	**210**	10

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

(a) ***Revenue from external customers***

	2023	2022
	HK$'000	*HK$'000*
The United States of America	**396,361**	374,444
Europe	**239,080**	204,678
Asia	**161,987**	109,956
Others	**264,546**	153,609
	1,061,974	842,687

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**51,277**	54,712
Mainland China	**461,527**	511,597
Cambodia	**66,364**	71,318
Vietnam	**139,486**	153,159
Others	**252**	289
	718,906	791,075

The non-current asset information above is based on the locations of the assets and excludes investments in associates and club memberships.

Information about major customers

Revenue derived from the manufacturing and sale of footwear products business with over 10% of the total revenue of the Group during the years ended 31 March 2023 and 2022 is as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**669,530**	545,674
Customer B	**342,085**	208,968
	1,011,615	754,642

The above amounts include sales to a group of entities which are known to be under common control with these customers.

4. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank loans	**2**	–
Interest on lease liabilities	**135**	30
	137	30

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
Cost of inventories sold	**636,119**	479,704
Depreciation of property, plant and equipment	**27,569**	29,568
Depreciation of right-of-use assets	**3,081**	3,611
Provision/(write-back of provision) for inventories	**(2,020)**	8,570
Amortisation of club memberships	**45**	40
Impairment allowance/(reversal of impairment) of accounts receivable	**913**	(1,234)
Loss on disposal of items of property, plant and equipment, net	**210**	10
Fair value loss on revaluation of investment properties	**13,028**	20,096
Bank interest income	**(9,064)**	(1,923)
Interest income from accounts receivable	**–**	(40)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2023	2022
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**10**	208
Underprovision/(overprovision) in prior years	**(11)**	604
Current – Elsewhere		
Charge for the year	**5,000**	5,000
Overprovision in prior years	**(6,300)**	(16,000)
Deferred	**(2,315)**	(3,515)
Total tax credit for the year	**(3,616)**	(13,703)

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2022: 16.5%), the Vietnam Corporate Tax rates of 15% to 20% (2022: 15% to 20%), the Cambodia Corporate Tax rate of 20% (2022: 20%), the Taiwan Corporate Tax rate of 20% (2022: 20%), the Corporate Income Tax rate in Mainland China of 25% (2022: 25%) and the respective tax holidays granted to the subsidiaries of the Group in Cambodia (2022: Cambodia).

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share (2022: basic loss per share) amount is based on the profit for the year attributable to equity holders of the Company of HK$53,410,000 (2022: loss of HK$18,035,000), and the weighted average number of ordinary shares of 674,173,100 (2022: 671,566,334) in issue during the year, as adjusted to reflect the number of shares of 4,808,000 (2022: 7,798,000) held under the share award scheme of the Company and shares of 1,446,000 (2022: 740,000) repurchased and cancelled during the year (2022: subsequent to the year end date).

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the Company	**53,410**	(18,035)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares used in calculating the basic earnings/(loss) per share	**674,173,100**	671,566,334
Effect of dilution-weighted average number of ordinary shares:		
Share options	**695,502**	N/A
Share awards	**222,112**	N/A
Weighted average number of ordinary shares used in calculating the diluted earnings/(loss) per share	**675,090,714**	671,566,334

For the year ended 31 March 2022, no adjustment has been made to the basic loss per share amount presented in respect of the potential dilutive ordinary shares in issue during the year as the impact had an anti-dilutive effect on the basic loss per share amount presented.

8. DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2022 – Nil (2021: HK1.5 cents) per ordinary share	**–**	10,084
Special final in respect of the financial year ended 31 March 2022 – HK2.0 cents (2021: HK1.3 cents) per ordinary share	**13,486**	8,740
Interim – HK1.8 cents (2022: Nil) per ordinary share	**12,167**	–
Special interim – HK0.5 cent (2022: HK2.0 cents) per ordinary share	**3,380**	13,475
	29,033	32,299
Proposed final and special final dividends		
Final – HK2.0 cents (2022: Nil) per ordinary share	**13,616**	–
Special final – HK0.2 cent (2022: HK2.0 cents) per ordinary share	**1,361**	13,595
	14,977	13,595

The proposed final and special final dividends for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividends payable.

9. ACCOUNTS RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Accounts receivable	**141,216**	217,565
Impairment	**(4,955)**	(4,042)
	136,261	213,523

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. Payment terms with customers are largely on credit. Invoices are normally payable within 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the Group's senior management. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the date of goods delivered and net of impairment, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**120,987**	207,916
Between 91 and 180 days	**13,574**	5,341
Between 181 and 365 days	**1,700**	266
	136,261	213,523

10. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the date of goods received, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**82,921**	108,500
Between 91 and 180 days	**28,635**	39,521
Between 181 and 365 days	**24**	4
Over 365 days	**11,649**	11,718
	123,229	159,743

The accounts payable are non-interest-bearing and are normally settled on 90-day terms.

DIVIDENDS AND SHARE REPURCHASES

An interim dividend of HK1.8 cents per ordinary share and a special interim dividend of HK0.5 cent per ordinary share was paid on 7 February 2023. The Directors recommend the payment of a final dividend of HK2.0 cents per ordinary share and a special final dividend of HK0.2 cent per ordinary share in respect of the year to shareholders on the register of members on Tuesday, 5 September 2023. Subject to the passing of the relevant resolution at the forthcoming Annual General Meeting ("AGM") of the Company, the final dividend and the special final dividend will be payable on or about Monday, 25 September 2023 in cash in Hong Kong dollars.

In addition to dividend payments, the Company repurchased 1,446,000 of its ordinary shares at prices ranging from HK$0.95 to HK$1.11 per share during the course of the financial year and cancelled the repurchased shares subsequent to the year end date. We consider such repurchases to be a constructive element in the prudent management of the overall capital structure and in enhancing returns to shareholders over time.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Wednesday, 23 August 2023 to Monday, 28 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 22 August 2023.

(b) Entitlement to the proposed final dividend and special final dividend

The record date for entitlement to the proposed final and special final dividends is Tuesday, 5 September 2023. For determining the entitlement to the proposed final and special final dividends, the register of members of the Company will be closed from Friday, 1 September 2023 to Tuesday, 5 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Thursday, 31 August 2023.

CHAIRMAN'S STATEMENT

MACROECONOMIC DISCUSSION

The coming financial year continues to be a mix of growth impulses and interlocking challenges. On the positive side, the global economy has begun to stabilize and is showing signs of improvement, albeit to a relatively weak upturn. The reopening of China has provided impetus to global economic activity, but continuing trade tensions and geopolitical risks will remain a concern. Other downside risks include persistent global inflation despite an easing of energy prices from record levels in 2022, supply-side pressures in particular the tight labor markets, and the impact of high interest rates.

To gain better clarity in this uncertain environment, manufacturers need to take a proactive approach to risk management by identifying relevant industry trends and signs of potential threats, developing contingency plans to cope with short-term market volatility, and implementing long-term capacity and capability upgrading plans to secure sustainable growth.

STRATEGIES AND OUTLOOK

Entering the financial year 2024, the order pipeline continues to lack visibility. It is expected that the footwear brands' inventory adjustment period will extend into the first half of this coming financial year, until client inventories recover to healthier levels.

In light of this, the Group will maintain prudence in capacity expansion plans and instead focus on upgrading our facilities to handle anticipated client procurement requirements of higher sophistication, short turnaround time, and small batch sizes. To maintain cost competitiveness, careful workforce planning is also essential. We have adjusted our manpower cautiously in line with the forthcoming order forecasts, while at the same time, helping workers upskill to better serve our strategy of product portfolio enhancement.

Our future-ready initiatives can be summarized in these six strategic action areas:

Fortify business growth and enhance revenue profile

Adopting a set of growth strategies that aligns ongoing business development activities with our unique capabilities, the Group will continue to stay focused on the higher end of the active footwear arena.

To this end, we will take forward customized research and development ("**R&D**") for brands that offer potential of value growth, and to meet client requirements, the R&D center in Zhuhai, mainland China, will be relocated to the available premises adjacent to the southern Vietnam production site. This plan is set to be implemented within the next few years and will bring R&D activities closer to the Group's main production hub, offering a one-stop service to clients. By equipping the center with upgraded facilities, and moving it to a more strategic location, we can improve our overall production service offering.

Plans are also underway to move the outsole factory to the premises next to our main production site in southern Vietnam, to enable more efficient manufacturing arrangements. Upon ceasing of operation of the partnership outsole factory in Cambodia, vacated space there can be re-designated for manufacturing purposes.

Capacity and capability planning

We aim to grow our capacity and capability in tandem with our strategy to develop a higher-value product portfolio. Given the current uncertainty in the macroeconomic environment, we will take a prudent approach to capacity expansion. Instead, we will upgrade our facilities and replace old machinery. We also plan to increase automation moderately to raise our overall efficiency.

While continuing to maintain a cross-location platform in southern Vietnam and Cambodia, we are actively adjusting the manufacturing activities between these two sites to support brand clients' procurement plans. We will continue to work with our clients to make inter-site manufacturing adjustments.

Pursue operational excellence

As a production partner for leading footwear brands, innovation in product development is at the forefront of our operations. From the use of materials to the manufacturing process, we prioritize innovation in order to fulfill the ever-changing design needs of our clients. Additionally, we are committed to enhancing our work processes to cope with new requirements, including the need for quick production cycles and frequent line changes.

During the Year, we undertook a thorough and in-depth revamp of our manufacturing process with an aim of achieving further efficiency gains and improving the overall performance and output quality of our production centers. Our local management teams have also made some production line realignments in order to flexibly respond to ad hoc events that may disrupt our order fulfillment ability.

Mitigate cost inflation

Cost inflation remains a significant issue for manufacturers, and we are taking stringent measures to mitigate inflationary pressures. We are driving cost control initiatives across our operations and constantly advancing our lean manufacturing and enterprise resource planning systems.

While we are scaling back moderately on our workforce, we have primarily reduced unskilled labor and focused our resources on further training skilled workers. This approach will enable us to achieve savings and at the same time enhance the quality of our output. Additionally, we will increase the proportion of subcontracting to supplement our existing workforce, allowing us to keep fixed labor costs in check and flexibly meet urgent order requirements. By optimizing our workforce and leveraging subcontracting, we can efficiently meet the demands of our customers while maintaining cost control.

Strict cost control measures apply not only to our production operations but also to our sales, administrative and other corporate functions.

Talent development

The Group values its staff team, which brings a wide array of specialist skills to various business units. Our team is committed to helping clients thrive as we build a world-class business that shares in our clients' success. To attract and retain top talent, we offer competitive compensation packages, including a share option scheme and a share award scheme as incentives and rewards for eligible participants who contribute to the Group's success.

Our capable management team has consistently met unprecedented challenges with dedication and resolve. With their strong leadership and crisis management capabilities, we have navigated difficult operating terrain over the past few years.

Localization is also a key focus for the long-term development of our manufacturing locations, and we have dedicated efforts to building up local leadership. The encouraging performance of our operations in Vietnam and Cambodia is a testament to the increasing maturity of our local teams.

The independent non-executive directors ("**INEDs**") of our Board play an important role in the corporate governance of the Company. They provide an external and independent view on our business and governance matters. As part of our ongoing effort to enhance corporate governance standards, we regularly review our Board's composition, specifically in terms of director independence and diversity. This includes appointing new INEDs and maintaining an appropriate make-up of the Board.

Resilience and sustainability

The past couple of years have seen major disruptive events, including the pandemic, trade conflicts, and geopolitical tensions. These events have called for new levels of preparedness to address surging threats that add to normal business risks. Our first line of defense is to support the continuity of our operations and provision of services for clients by constantly renewing our crisis mechanisms at different operating levels. Recognizing the potential for shocks from more profound market and technological changes, we are also focused on building resilience by enhancing our operations and updating our value proposition.

In addition to business resilience, we are committed to practicing sustainable manufacturing. This involves implementing standard procedures and new initiatives to reduce the carbon footprint of production while following strict guidelines to ensure employee, product, and community safety. These efforts are overseen by a sustainability working group comprising our executive directors, senior management, and heads of our production centers. Importantly, we make conscious efforts to build a culture throughout our organization that prioritizes sustainability considerations in our business decisions.

The United Nations' (UN) 2030 Agenda for Sustainable Development is a commitment made by all to work together towards the well-being of everyone on a healthy, thriving planet. Unfortunately, this joint effort has been somewhat sidetracked by the pandemic and other disruptive events over the past few years, as we approach the halfway point to 2030.

As a corporate citizen, we believe that we are part of this joint effort to put the world back on track towards a more sustainable path. We understand that every single action and progress counts, and we are committed to contributing actively to the UN's Sustainability Development Goals (SDGs) based on our sustainability missions under the four core areas of Planet, Progress, People, and Profits. As a manufacturer, we find three SDGs particularly relevant to Kingmaker:

Goal 5: Gender Equality

Goal 8: Decent Work and Economic Growth

Goal 12: Responsible Consumption and Production

We recognize the urgent need for action on global climate change and other human well-being issues. Therefore, we are committed to working hand-in-hand with our stakeholders to achieve our sustainability targets and contribute to these SDGs.

With commitment and collective action with our key stakeholders, we will work towards "The Future We Want" in these four directions:

– Planet: Manage and minimize carbon footprint along the value chain

– Progress: Collaborate with clients to pursue advancement through innovation, application of technologies and talent empowerment

– People: Care about employee well-being

– Profits: Create long-term shareholder value

CONCLUDING REMARKS

Moving forward, we remain committed to delivering value to our customers, shareholders, and employees. We will continue to invest in our people and technical competence to ensure that we remain competitive and innovative.

With a focus on enhancing our product and revenue portfolio under an overall margin-accretive strategy, we prioritize value over volume in business development. As such, we have been pursuing business with strategic value that best utilizes our capabilities in high-end products.

On a macroeconomic level, the outlook for the remainder of the financial year 2024 continues to be uncertain due to the banking sector stress, inflation and geopolitical tensions, despite some improvements at the onset of 2023. On a more positive note, as we witness some improvement on the retail end, with interest rates increasing at a slower pace and some signs of inflation easing, we are cautiously optimistic that our manufacturing performance will improve in the second half of the coming financial year as brand clients' inventories return to healthier levels.

Our Group will continue to maintain a healthy financial position, which will enable us to weather challenging market conditions and remain resilient, and also allows us to capitalize on new opportunities as they arise.

Our team, facilities and skill sets are all in place and ready to meet the demands of our customers. We believe that our solid foundation will enable us to adapt to emerging trends and economic cycles. We are confident in our ability to navigate the challenges ahead and emerge stronger on the other side.

APPRECIATION

I would like to express my deep appreciation to my fellow directors, senior management and staff members, whose hard work and commitment have been essential to our sustainable development. I am proud to lead such a talented and passionate team, and I am grateful for their contributions. We also value our relationships with our business partners, clients and shareholders. Thank you for your continued support and trust in our Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board is delighted to announce the annual results of the Company for the Year.

The Group recorded a strong start in the Year, with the first-half performance driven by a general recovery of the global footwear retail sector after the lifting of pandemic restrictions. However, as inflation and slowing US and European economies continued to take a toll on retail demand, the Group's order growth softened to some extent during the second half of the Year.

For footwear brands, the latter part of the Year was characterized by elevated inventory levels as a result of downstream congestion on the retail end. The inventory challenges across footwear retailing have impacted branded clients' procurement behaviour and momentum, resulting in more conservative order placements for the Group. To this end, the Group has worked closely with its clients to help them manage this challenging task by adjusting the shipment plans and schedules.

The Group concluded the Year with positive results, but will stay alert to the geopolitical tensions, interest rate increases and global inflation, which have added to the macroeconomic uncertainty. The Group remains committed to safeguarding its operations against the unprecedented challenges that lie ahead, particularly given the low visibility in the current operating environment.

Revenue

During the Year, revenue increased by 26.0% year on year to approximately HK$1,062 million (2022: approximately HK$843 million) on a 7.9% increase in footwear business volume (pairs) and a 16.0% improvement in the average selling price ("**ASP**"). The ASP improvement was a result of the Group's ongoing business development strategy to prioritize value over volume growth.

Gross Profit

The Group achieved year-on-year increase in gross profit to approximately HK$90 million (2022: approximately HK$25 million) for the Year. With continuous discipline to drive business-focused cost optimization, the Group has kept its labor, administrative and transportation costs in check. At the same time, the Group has actively managed its clientele portfolio with a focus on higher-margin products; the gross profit margin thus expanded to approximately 8.4% (2022: approximately 3.0%), mainly attributable to:

(i) economies of scale achieved as a result of the revenue growth, which was mainly contributed by the improved order book for the Year;

(ii) higher ASP and shipment volume recorded, resulting in a comparative improvement in the gross profit margin;

(iii) cost-mitigating measures and stabilized manufacturing operations driving down cost-to-revenue ratios, including:

  (a) direct wages, which shrank 1.1% to approximately HK$185 million (2022: approximately HK$187 million) on a slightly scaled back workforce in the southern Vietnam production center, with proportionate direct labor wages decreasing to 17.5% of revenue (2022: 22.2%);

  (b) transportation costs; and

(iv) non-recurrence of pandemic-induced expenses.

Meanwhile, there was an increase in material costs due to rising prices of raw materials including leather and outsoles, as well as the usage of more leather material for higher-value items and increased R&D in support of new business development.

Net Profit/Loss

The Group's return to net profit was mainly attributable to the improved performance of the manufacturing business in particular during the first half of the Year. For the full Year, the Group turned around to achieve a net profit attributable to equity holders of the Company of approximately HK$53 million (2022: net loss of approximately HK$18 million), taking into account:

(i) the share of profit of associates of approximately HK$32.5 million (2022: approximately HK$32.8 million) contributed by the Group's associated company operating in central Vietnam;

which was partially offset by:

(i) the fair value loss of approximately HK$13.0 million for the Year (2022: loss of HK$20.1 million) on revaluation of the Group's investment properties in Hong Kong and mainland China.

Basic earnings per share attributable to equity holders of the Company for the Year were approximately HK7.92 cents (2022: loss of approximately HK2.69 cents).

Key Financial Ratios

The Group maintained healthy financial ratios during the Year:

- Debtors' turnover decreased to 60 days (2022: 88 days) for the Year;
- Creditors' turnover decreased to 86 days (2022: 100 days);
- Stock turnover was 109 days (2022: 141 days);
- A healthy liquidity position with net cash in hand of approximately HK$393 million as at 31 March 2023 (2022: approximately HK$290 million);
- Zero gearing ratio (total bank borrowings to total equity) (2022: 1.2%); and
- Current and quick ratios were 2.8 and 2.2 respectively (2022: 2.5 and 1.8 respectively).

Final and Special Final Dividends

With dedicated efforts to prudently manage working capital, the Company was able to maintain a stable financial position. In view of this and to share results with shareholders, the Board has resolved to declare a final dividend of HK2.0 cents (2022: Nil) per ordinary share and a special final dividend of HK0.2 cent (2022: HK2.0 cents) per ordinary share. Together with the interim dividend of HK1.8 cents per ordinary share and special interim dividend of HK0.5 cent per ordinary share, this brings the total dividends for the Year to HK4.5 cents (2022: HK4.0 cents) per ordinary share.

The Board reviews its dividend policy from time to time, with consideration given to the Group's capital expenditure plans, the operating environment, order book visibility and overall business prospects.

OPERATIONAL REVIEW

Macro Environment

For the footwear industry, major export markets saw a positive start last year as COVID-19 restrictions began to relax. The Group's shipment increase during the first six months of the Year reflected the broad-based demand growth in most consumer markets over this period.

Entering the second half of the Year, the industry saw supplies resuming progressively on the upstream side but weakened sales on the downstream side, resulting in higher inventory levels across major retail markets. Manufacturers were faced with consequential procurement adjustments as brand owners sought to navigate the inventory challenges.

In addition, the pandemic-induced disruptions to manufacturing have brought to light unforeseen vulnerabilities in operations and logistics, while magnifying some pre-existing supply-chain challenges, including shortage of skilled labor, rising production costs and shortened order lead time coupled with reduced batch sizes. On the macroeconomic level, the disruption and trade tensions have stimulated an advocation for reshoring, which has also called for manufacturers to reassess their supply chain arrangements.

Manufacturing Business

Maintaining geographic diversity, the Group operates two core manufacturing sites in southern Vietnam and Cambodia, both equipped with R&D facilities. A small-scale R&D center is in operation in Zhuhai, mainland China. In addition, the Group holds a 40% interest in a joint-venture factory in central Vietnam.

As at the Year-end date, the Group had a combined production scale of 26 processing lines, mostly under the concept-line setup. They contributed an annual capacity of around 8 million pairs of shoes, and were 73.5% utilized (2022: 78.0%).

In southern Vietnam, there were 12 concept lines and 4 traditional lines in operation. Coupled with the 10 concept lines the Group had in Cambodia, this robust and multi-location production platform enables the Group to provide capacity with flexibility to meet clients' sourcing plans in terms of country of manufacture.

The geographical distribution of markets continued to be demand-led, while at the same time, the Group supports clients' initiatives to develop markets with promising prospects. Revenue from the United States remained robust, generating 37.3% (2022: 44.4%) of the Group's revenue. Europe's proportionate contribution stood at 22.5% (2022: 24.3%), and shipments to other markets, including Asia and other areas, accounted for 40.2% (2022: 31.3%).

The rugged-shoe category delivered an impressive performance during the Year, with shipment volume exceeding pre-pandemic levels, contributing 73.7% (2022: 71.3%) of total revenue. Despite the strong sales expansion of rugged shoes, the proportionate contribution of premium casual footwear increased to 15.4% (2022: 8.6%). Revenue generated by babies' and children's footwear decreased proportionately to 10.9% (2022: 20.1%).

In line with its strategy to pursue value growth, the Group has been more selective in terms of clientele portfolio management and new business development. Major customers for the Year included Cat, Chaco, Dr. Martens, Merrell and Wolverine; which in aggregate contributed 95.3% (2022: 89.6%) of total revenue. The Group has continued to actively develop business with brands, including some emerging niche labels that offer growth prospects.

Key developments in the Group's production centers are summarized below:

Southern Vietnam

The southern Vietnam manufacturing site holds a portfolio of facilities in operation, premises ready for equipment installation, and land for future expansion, which will enable the Group to fulfill existing demand and ready it to capture future growth opportunities.

This location remained a core manufacturing site for the Group. It achieved a speedy recovery after the three-month COVID-19-induced halt in 2021, and production has remained uninterrupted throughout the Year. On the back of a robust order pipeline during the Year, this location returned to high utilization with its contribution to total volume output rebounding to 58.8% (2022: 55.0%).

Cambodia

With the support of local government authorities, the Group has expanded its foothold in this major footwear manufacturing country for the world.

During the Year, the Cambodia site contributed 41.2% (2022: 45.0%) of total output in pairs. Benefiting from this location's further maturity in capacity and efficiency, both volume and value growth were achieved. Supported by clients' order plans, production lines in Cambodia is well on schedule to develop into a more important contributor for the Group.

Mainland China

A R&D center was maintained in Zhuhai, mainland China, staffed by a lean workforce to cater to the development requirements of some clients. The Group will continue to monitor this center's utilization and proactively consider adjustments to its R&D offerings as deemed appropriate.

With the exception of the R&D center, the Zhuhai plant was leased out and continued to generate a stable stream of recurrent rental income for the Group. The Board will keep a close watch on the local business environment, and will work with the tenant to respond to property market trends.

Investments in associates

The Group holds a 40% interest in an associated company jointly owned with Evervan Group ("**Evervan**") in central Vietnam. Evervan is a leading athletic footwear manufacturer for international markets.

Investments made over the past few years have given this site a solid capacity to meet more sophisticated production requirements. As at the Year-end date, the associated company operated a total of 29 production lines, which were designated for world-leading footwear brands Crocs and Columbia.

The associated company recorded a revenue of approximately HK$957 million (2022: approximately HK$895 million) during the Year, a growth of 6.9% year on year. It contributed to the Group a share of profit of associates of approximately HK$32.5 million (2022: approximately HK$32.8 million).

As uncertainty in the macroeconomic environment persists, the associated company will take a more cautious stance towards capacity management and business development in the coming financial year. Nevertheless, given the strong background and expertise of Evervan, the Board is confident of the long-term prospects of this joint-venture operation.

Investment Properties

Depending on the Group's business needs and capacity planning, certain self-owned factories and office properties may not be fully utilized at times. The Board regularly considers these properties' sales or leasing options and potential in order to create returns on these assets. This will help the Group make good use of idle properties, realize the investment value of its assets, and generate additional stable income to enhance working capital.

During the Year, the portfolio of assets classified as investment properties was all leased out, yielding gross rental income of approximately HK$28.2 million (2022: approximately HK$24.8 million).

The Board considers that the portfolio is currently generating a steady stream of recurrent income. Considering the current property market conditions in mainland China, the Group has responded to local authorities' recommendations by offering more flexible rental payment arrangements for tenants during the challenging times of the pandemic. The Group understands that this is a temporary measure and will continue to monitor the market situation closely.

The Board is satisfied with the overall rental performance of its investment asset portfolio. It will regularly review this asset base and examine options available with a view to creating greater long-term value for shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled the Group to maintain a strong financial position. As at 31 March 2023, the Group's cash and cash equivalents were approximately HK$393 million (2022: approximately HK$304 million) and total bank borrowings of approximately Nil (2022: HK$15 million). The Group's gearing ratio (total bank borrowings to total equity) was approximately Nil (2022: 1.2%). As at 31 March 2023, the Group had net cash and cash equivalents of approximately HK$393 million (2022: approximately HK$290 million).

As at 31 March 2023, the Group had available banking facilities amounted to approximately HK$40 million (2022: approximately HK$55 million) with various banks, of which Nil (2022: HK$15 million) was utilized.

For the year ended 31 March 2023, the current ratio was approximately 2.8 (2022: approximately 2.5) based on current assets of approximately HK$771 million and current liabilities of approximately HK$272 million and the quick ratio was approximately 2.2 (2022: approximately 1.8).

The Group will continue to maintain conservative cash flow management to sustain a strong cash position. Having considered the major expansion plans of the Group, including Vietnam and Cambodia in the next two to three years, the Directors are of the opinion that the Group has adequate liquidity to meet its current and future working capital requirements on its operations and expansion.

Foreign Exchange Risk Management

Most of the Group's assets and liabilities, revenue and expenditure are denominated in Hong Kong dollars, the Renminbi, the Vietnamese Dong and the US dollars. It is the Group's policy to adopt a conservative approach on foreign exchange exposure management.

However, the Group will continue to monitor its foreign exchange exposure and market conditions to determine if any hedging is required. The Group generally finances its operation with internal resources and bank facilities provided by banks in Hong Kong. Interest rates of borrowings are fixed by reference to the Hong Kong Inter-Bank Offered Rate or the London Inter-Bank Offered Rate.

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimise the Group's financial risks. As a measure of additional prudence, the Group cautiously uses derivatives financial instruments, principally forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's receivables and payables.

The exposure to foreign currency of the Group mainly arose from the net cash flows and the net working capital translation of its PRC and Vietnam subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options, if consider necessary. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

Capital Structure

The Group is substantially debt free. Shareholders' equity decreased to approximately HK$1,205 million as at 31 March 2023 (2022: approximately HK$1,211 million).

Purchase, Redemption or Sale of Listed Securities

During the Year, the Company repurchased 1,446,000 of its ordinary shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of approximately HK$145,000 excluding transaction cost and cancelled the repurchased shares subsequent to the year end date. The repurchase of the Company's shares during the Year was effected by the Board, pursuant to the repurchase mandate granted by the shareholders, with a view to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Details of the shares repurchase during the Year are as follows:

Month/Year	Number of shares repurchased	Highest price per share	Lowest price per share	Aggregate consideration (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
April 2022	1,336,000	1.11	1.03	1,449
August 2022	110,000	0.96	0.95	105
Total	1,446,000			1,554

The premium paid on the repurchase of the shares of approximately HK$1,409,000 has been debited to the share premium account. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Taiwan, the PRC, Vietnam and Cambodia, employed approximately 6,700 employees as at 31 March 2023. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options and awarded shares may also be granted in accordance to the terms of the Group's approved share option scheme and share award scheme, respectively.

During the Year, the trustee of the Company's share award scheme adopted on 26 June 2019 (the "**Share Award Scheme**") did not purchase any shares on the market. 5,890,000 shares have been awarded under the Share Award Scheme during the Year.

During the Year, the Company granted 3,000,000 share options to certain Directors and employees of the Group in accordance with the Company's share option scheme adopted on 26 August 2022 (the "**Share Option Scheme**").

Details of the Share Award Scheme and the Share Option Scheme will be included in the annual report of the Company for the year ended 31 March 2023.

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, for the Year in compliance with the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

AUDIT COMMITTEE

The audit committee of the Company (the "**Committee**") comprises three independent non-executive Directors and one non-executive Director. The primary duties of the Committee are to review and supervise the Group's financial reporting process and internal control systems.

As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget.

The Committee reviewed with the management on the accounting principles and practices adopted by the Group, the Group's auditing, internal control and financial reporting matters and the consolidated results for the year ended 31 March 2023, and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The Committee has also met with the external auditor of the Company, Messrs. Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the said code of conduct for the year ended 31 March 2023.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2023 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at http://www.irasia.com/listco/hk/kingmaker/annual/index.htm. An annual report for the year ended 31 March 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
HUANG Hsiu Duan, Helen
Chairman

Hong Kong, 30 June 2023

As at the date of this announcement, the three executive directors of the Company are Mdm. HUANG Hsiu Duan, Helen, Mr. WONG Hei Chiu and Mr. Chen Yi Wu, Ares; three non-executive directors are Mr. CHAN Ho Man, Daniel, Mr. KIMMEL Phillip Brian and Dr. CHOW Wing Kin, Anthony; and four independent non-executive directors are Mr. TAM King Ching, Kenny, Mr. YUNG Tse Kwong, Steven, Ms. CHAN Mei Bo, Mabel and Mr. WONG Hin Wing.